

## Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 NEA-10 IO-13

ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06

AGRE-00 AID-05 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 OIC-02 SIL-01 STR-05 TRSE-00 CEA-01 SS-15

/130 W

-----019138 311139Z /20

R 311042Z OCT 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 2501

INFO ALL OECD CAPITALS

AMEMBASSY BANGKOK

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY LAGOS

AMEMBASSY LIMA

AMEMBASSY MEXICO

AMEMBASSY MONROVIA

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY NOUAKCHOTT

AMEMBASSY PORT OF SPAIN

AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: UNCTAD, EMIN

SUBJECT: UNCTAD COMMODITIES: FIRST IRON ORE PREPARATORY  
MEETING

1. BEGIN LIMITED OFFICIAL USE. OCTOBER 24-28 UNCTAD  
PREPARATORY MEETING ON IRON ORE AGREED TO CONVENE EXPERTS  
GROUP TO STUDY THE INDUSTRY AND CONSIDER MEASURES TO SOLVE  
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PROBLEMS IT IDENTIFIES AND TO ACHIEVE OBJECTIVES OF  
RESOLUTION 93(IV) IN RELATION TO IRON ORE. GROUP WILL  
REPORT TO A SECOND PREPARATORY MEETING UNDER TERMS OF  
REFERENCE IN PARA 5 BELOW.

2. IT WAS CLEAR FROM THE OUTSET THAT THERE WAS A CONSENSUS  
FOR AN EXPERTS GROUP. AFTER OPENING STATEMENTS, PRODUCER

AND CONSUMER CAUCUSES AND A CONTACT GROUP WERE FORMED TO NEGOTIATE CONTENT OF WORK PROGRAM. PRODUCERS EVENTUALLY WITHDREW PROPOSALS TO STUDY POSSIBILITY OF DEVISING STANDARD ORE GRADES AND RELATING IRON ORE COSTS AND PRICES TO THOSE OF STEEL (WITH INDEXATION IMPLIED). PRODUCER PROPOSAL TO STUDY COSTS WAS CHANGED TO "FACTORS INFLUENCING PRODUCTION COSTS" TO MEET EC (GERMAN AND ITALIAN) CONCERN THAT INCLUSION OF COSTS OF INFRASTRUCTURE COULD LEAD TO THE ARGUMENT THAT A REMUNERATIVE PRICE SHOULD BE HIGH ENOUGH TO COVER THEM. NEITHER PRODUCERS NOR OTHER CONSUMERS WERE ENTHUSIASTIC ABOUT US INITIATIVE TO INCLUDE A STUDY OF INVESTMENT TRENDS WHICH WOULD HAVE HIGHLIGHTED THE INFLUENCE OF THE INVESTMENT CLIMATE ON CAPITAL FLOWS. (EC WAS CONCERNED THAT STUDY MIGHT LEAD TO DEMANDS FOR PRICES AT LEVELS HIGH ENOUGH TO ATTRACT NEW INVESTMENT. AUSTRALIA AND CANADA WERE UNCOMFORTABLE DRAWING ATTENTION TO RECENT TRENDS FOR INVESTMENT TO GO TO THEM IN PREFERENCE TO LDC'S). THIS WAS EVENTUALLY DROPPED BY MUTUAL AGREEMENT. USDEL CONSIDERS WORK PROGRAM TO BE BEYOND RESOURCES OF AN UNCTAD EXPERTS GROUP AND EXPECTS THAT INFORMATION REQUIRED FOR SOME TOPICS WILL NOT BE AVAILABLE BUT IS SATISFIED THAT TERMS OF REFERENCE WILL NOT PREJUDGE THE OUTCOME OR LEAD TO PRESSURES TO INTERVENE IN THE MARKET.

3. THE CENTER OF GRAVITY OF CONSUMER OPINION PULLED US TOWARD A LESS FLEXIBLE ATTITUDE THAN WE WOULD HAVE LIKED TO LIMITED OFFICIAL USE

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PROJECT. SIMILARLY, IN ORDER TO KEEP PRODUCERS TOGETHER, CANADA AND AUSTRALIA ACQUIESCED IN PROPOSALS WHICH THEY COUNTED ON CONSUMERS TO REJECT. ON PRODUCER SIDE VENEZUELA AND INDIA SPOKE FOR LDC'S WITH CANADA AND AUSTRALIA ALSO ACTIVE PARTICIPANTS. BRAZIL WAS REPRESENTED ONLY BY GENEVA MISSION STAFF, ITS FORMAL PARTICIPATION CONSISTING OF A BELATED ENDORSEMENT OF "THE GENERAL PRINCIPLES" IN THE JOINT OPENING STATEMENT OF THE OTHER PRODUCERS. (BRAZILIAN REP TOLD USDEL PRIVATELY THAT HIS INSTRUCTIONS WERE ONLY TO OBSERVE THE PROCEEDINGS). AFTER MAKING MILITANT-SOUNDING OPENING STATEMENTS, ALGERIA AND PERU WERE NOT PROMINENT IN THE NEGOTIATIONS. LIBERIA, ONE OF THE TWO COUNTRIES DEPENDENT PRIMARILY ON IRON ORE EXPORTS FOR FOREIGN EXCHANGE, DID NOT ATTEND. ARGENTINA AND TRINIDAD AND TOBAGO JOINED CONSUMER CAUCUS AND MADE BRIEF INTERVENTIONS URGING CONSIDERATION FOR INTERESTS OF LDC IMPORTERS.

4. PRODUCERS DID NOT PUSH FOR EARLY CONSIDERATION OF INSTITUTIONALIZING PRODUCER/CONSUMER CONSULTATIONS. SUB-PARA 2(B) BELOW, TAKEN FROM PRODUCER DRAFT, IS THE ONLY HINT OF AN INTEREST IN THIS DIRECTION. END LIMITED OFFICIAL USE.

5. BEGIN TEXT (UNCLASSIFIED). CONSIDERATION OF INTERNATIONAL MEASURES ON IRON ORE: TERMS OF REFERENCE OF THE INTERGOVERNMENTAL EXPERT GROUP ON IRON ORE: PROPOSAL SUBMITTED BY THE CHAIRMAN.

(1) IN ORDER TO IMPLEMENT CONFERENCE RESOLUTION 93  
(IV) IN RESPECT OF IRON ORE, THE PREPARATORY MEETING ON IRON ORE DECIDED TO RECOMMEND TO THE AD HOC INTERGOVERNMENTAL COMMITTEE FOR THE INTEGRATED PROGRAMME FOR COMMODITIES THAT AN AD HOC INTERGOVERNMENTAL GROUP OF EXPERTS BE CONVENED TO CONTINUE ITS WORK AT THE EXPERT LEVEL.

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(2) TAKING INTO ACCOUNT THE OBJECTIVES SET OUT IN CONFER-

ENCE RESOLUTION 93 (IV) THE TASK OF THE INTERGOVERNMENTAL  
GROUP OF EXPERTS SHALL BE INTER ALIA:

(A) TO COLLECT AND EXAMINE STATISTICAL AND OTHER  
INFORMATION FROM GOVERNMENTS AND INTERNATIONAL  
ORGANIZATIONS IN ORDER TO ARRIVE AT GREATER TRANS-  
PARENCY OF THE WORLD IRON ORE MARKET AND TO PRODUCE  
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MORE RELIABLE FORECASTS OF DEMAND AND SUPPLY, TAKING  
INTO ACCOUNT THE INTERRELATIONSHIP BETWEEN THE IRON  
ORE INDUSTRY AND THE WORLD ECONOMY GENERALLY AND IN  
PARTICULAR THE IRON AND STEEL INDUSTRY;

(B) TO STUDY THE STEPS NEEDED TO PROVIDE MORE ADEQUATE  
AND RELIABLE INFORMATION ON THE IRON ORE INDUSTRY;

(C) TO IDENTIFY AND ANALYSE THE PROBLEMS OF THE IRON  
ORE INDUSTRY IN PARTICULAR IN THE AREAS OF THE  
FACTORS INFLUENCING PRICES AND PRODUCTION COSTS, AND  
EXPORT EARNINGS FROM IRON ORE;

(D) TO EXAMINE THE RESULTS OF EXISTING AND CURRENT  
STUDIES ON THE QUESTION OF TRANSPORTATION AS THEY  
MIGHT APPLY TO IRON ORE, AND IF NECESSARY ASK  
APPROPRIATE BODIES TO BRING UP-TO-DATE OR TO EXTEND  
SUCH STUDIES;

(E) TO STUDY THE QUESTION OF IRON ORE STOCKS, INCLUDING  
THEIR GEOGRAPHICAL DISTRIBUTION AND FACTORS INFLUENCING  
VARIATIONS IN THEIR VOLUME;

(F) TO EXAMINE THE DEVELOPMENTS AND THE EFFECTS ON THE  
IRON ORE INDUSTRY OF THE COSTS AND BENEFITS OF THE  
FURTHER PROCESSING OF IRON ORE IN THE PRODUCING  
COUNTRIES;

(G) IN THE LIGHT OF THESE EXAMINATIONS, THE INTERGOVERN-  
MENTAL GROUP OF EXPERTS SHOULD CONSIDER APPROPRIATE  
MEASURES AND TECHNIQUES WHICH MAY BE REQUIRED TO SOLVE  
THE IDENTIFIED PROBLEMS AND TO ACHIEVE THE OBJEC-  
TIVES OF RESOLUTION 93(IV) IN RELATION TO IRON ORE AND  
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REPORT TO A SECOND PREPARATORY MEETING ON IRON ORE.  
(3) THE INTERGOVERNMENTAL GROUP OF EXPERTS SHALL IN ITS

WORK CONSIDER ALL RELEVANT INFORMATION AND, IN PARTICULAR, THE UNCTAD SECRETARIAT PAPERS TD/B/IPC/IRON ORE/2 AND ADD.1, AND TD/B/IPC/IRON ORE/3. IN THIS REGARD GOVERNMENTS OF ALL PARTICIPATING COUNTRIES AND INTERGOVERNMENTAL AGENCIES AND OTHER RELEVANT BODIES ARE INVITED TO PROVIDE RELEVANT INFORMATION AND STUDIES TO ASSIST THE EXPERT GROUP AND THE UNCTAD SECRETARIAT IN ITS WORK.

(4) IT WAS UNDERSTOOD THAT THE MEETINGS OF THE INTERGOVERNMENTAL GROUP OF EXPERTS WOULD BE OPEN TO ALL STATES MEMBERS OF UNCTAD AND RELEVANT INTERGOVERNMENTAL ORGANIZATIONS IN CONSULTATIVE STATUS WITH UNCTAD.

(5) IT WAS FURTHER UNDERSTOOD THAT EACH GOVERNMENT AND RELEVANT INTERGOVERNMENTAL ORGANIZATION WOULD BE REPRESENTED BY A SINGLE EXPERT, WHO MIGHT BE ACCOMPANIED BY ALTERNATES AND ADVISERS.

(6) THE PREPARATORY MEETING ON IRON ORE RECOGNIZES THE REQUIREMENT TO CARRY OUT ITS TASKS IN ACCORDANCE WITH THE TIMETABLE SET OUT IN RESOLUTION 93(IV). IN THIS CONTEXT THE SECRETARY-GENERAL IS REQUESTED TO CONVENE THE GROUP AS SOON AS POSSIBLE, FOLLOWING CONSIDERATION OF THE RECOMMENDATION IN PARA. 1 ABOVE.

(7) THE PREPARATORY MEETING RECOMMENDS TO THE AD HOC INTERGOVERNMENTAL COMMITTEE FOR THE INTEGRATED PROGRAMME FOR COMMODITIES THAT IT ALLOT APPROPRIATE TIME FOR THE MEETINGS OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON IRON ORE AND FOR A SECOND PREPARATORY MEETING ON IRON ORE.  
VANDEN HEUVEL

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## Message Attributes

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**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009